

Article - Education

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§18–19A–04.1.

(a) (1) Subject to paragraph (2) of this subsection, for investment accounts established after December 31, 2016, a State contribution may be made to not more than two investment accounts for each qualified beneficiary as provided in this section if:

(i) The qualified beneficiary of the investment account and the account holder are Maryland residents;

(ii) The account holder submits an application to the Board or its designee between January 1 and June 1 of each year;

(iii) The account holder has Maryland adjusted gross income in the previous taxable year no greater than \$112,500 for an individual or \$175,000 for a married couple filing a joint return;

(iv) The account holder files income taxes on or before July 15 of each year; and

(v) The qualified beneficiary is under the age of 26 years in the calendar year before the account holder submits an application.

(2) For State contribution application periods after December 31, 2020, a qualified beneficiary may not receive more than two State contributions for each year the qualified beneficiary is eligible for the State contribution under this section.

(b) (1) An application may be made in person, online, or by mail.

(2) The Board shall develop:

(i) An application form that:

1. Includes permission for confirming Maryland taxable income with the Comptroller; and

2. Allows for certification of Maryland residency;

(ii) A procedure to certify the date and time of receipt of an application; and

(iii) Any other necessary procedures for the submittal of applications.

(c) (1) For an account holder with Maryland adjusted gross income of less than \$50,000 for an individual or \$75,000 for a married couple filing a joint return who contributes at least \$25 per beneficiary during the contribution period in subsection (e) of this section, the State shall provide an additional \$500 per beneficiary.

(2) For an account holder with Maryland adjusted gross income of at least \$50,000 but less than \$87,500 for an individual or at least \$75,000 but less than \$125,000 for a married couple filing a joint return who contributes at least \$100 per beneficiary during the contribution period in subsection (e) of this section, the State shall provide an additional \$500 per beneficiary.

(3) For an account holder with Maryland adjusted gross income of at least \$87,500 but no greater than \$112,500 for an individual or at least \$125,000 but no greater than \$175,000 for a married couple filing a joint return who contributes at least \$250 per beneficiary during the contribution period in subsection (e) of this section, the State shall provide an additional \$250 per beneficiary.

(d) (1) The Governor shall include in the annual budget bill an appropriation of at least the following amounts for State contributions:

(i) \$5,000,000 in fiscal year 2018; and

(ii) \$3,000,000 in fiscal year 2019 and each fiscal year thereafter.

(2) If the funding provided in a fiscal year is not sufficient to fully fund all State contributions authorized under this section, the Board shall:

(i) Provide contributions in the order in which applications are received; and

(ii) Give priority to applications of account holders who have not received a contribution.

(e) (1) An account holder shall contribute at least the amount specified under subsection (c) of this section on or before November 1 of each year in order to qualify for the State contribution.

(2) A State contribution shall be made by December 31 of the calendar year in which the account holder made the contribution.

(f) (1) An account holder is not eligible for the subtraction modification under § 10–208 of the Tax – General Article for any taxable year in which the account holder receives a State contribution.

(2) An account holder may qualify for not more than \$9,000 in State contributions through the lifetime of the account holder.

(g) (1) The Board shall develop and implement by September 1, 2018, an outreach and marketing plan to provide notification to individuals about the availability of a State contribution.

(2) The outreach and marketing plan shall:

(i) Make use of a variety of marketing media, including billboards, brochures, and electronic resources; and

(ii) Provide a centralized contact point for individuals to obtain information about opening an account and the availability of a State contribution.

(3) By December 1, 2018, the Board shall submit a report in accordance with § 2–1257 of the State Government Article to the General Assembly on the details of the outreach and marketing plan.

(h) The Board may adopt any regulations that the Board considers necessary to carry out the provisions of this section.

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